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GEOGRAPHIC INTELLIGENCE MEMORANDUM

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The amount of available virgin land appeared limitless, and there seemed to be no compelling reason for intensive cultivation and economic stabilization in any one region. Now that the most productive lands have been exploited, the speculative tradition, which still persists, is being transferred to industry.

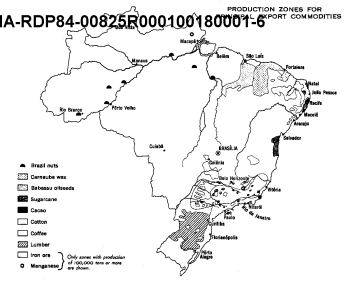
The South and the interior region, or backlands (sertões), constitute the two principal exceptions to the boom-and-bust pattern of settlement in Brazil. This situation is due in large part, perhaps, to the fact that the climate and/or soils were not suited to the speculative planting of tropical crops. The backlands were occupied primarily by the poor white segment of the population, mostly Portuguese, who came initially either to the sugar plantations in the Northeast or to São Paulo. These in São Paulo were the adventurous bandeirantes who set out on numerous expeditions into all parts of the interior in search of sources of wealth. They roamed the backlands as nomadic bands, pastured herds of cattle as they went, and stopped here and there to pan for gold, to plant temporary fields of maize, and in some cases to impress Indian bands into slavery. The Portuguese mated with Indian women and produced large numbers of mameluco (acatico) children. Some of these adventurers drifted back to São Paulo after many years of absence, but others, when they tired of roaming, remained where they happened to be and established isolated pastoral settlements.

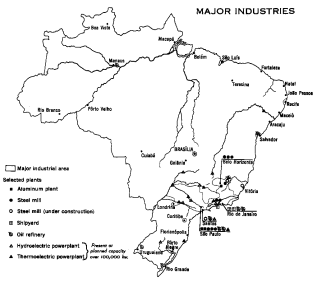
In the backlands of the Northeast, large grants of land were made to well-to-do Portuguese for cattle ranges. A system of migratory agriculture developed whereby poor white tenant farmers cleared the land of forest or caatinga for the landowners, cropped the newly cleared land for a year or two, and then moved on to a new area to repeat the cycle. The tenant farmers usually took Negro or Indian wives and produced large families. The population soon became greater than the land could support under a system of subsistence agriculture, and the excess population from this zone furnished much of the labor for the cacao boom in Bahia and the rubber boom in the Amazon region.

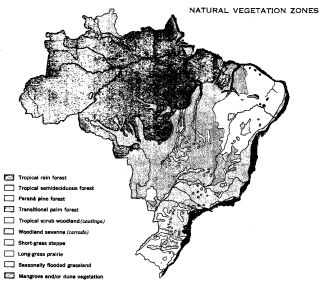
Large cattle estates were established on the prairies and grasslands of the South. On the forested land, however, German, Italian, and Polish immigrants established small permanent settlements. The Germans and Italians in particular adapted their distinctive cultures to the new land. The former produced rye, potatoes, maize, and hogs. The latter developed vineyards and grew rice.

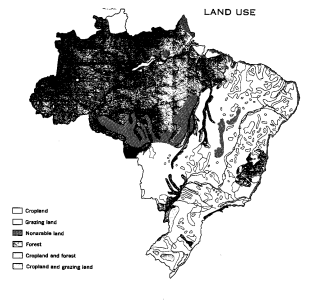
The principal settled regions of Brazil developed in semi-isolation from one another, and, in spite of repeated internal migrations, a strong regional consciousness has developed. The Northeastern or the Northeast, the Carioca of Rio de Janeiro, the Paulista of São Paulo, the Mineiro of Minas Gerais, and the Gaucho of Rio Grande do Sul all take great pride in their regional identity. A strong countercurrent of nationalism also is growing and has manifested itself in recent decades as pressure against the development by foreign companies of such resources as petroleum, minerals, and electric power.

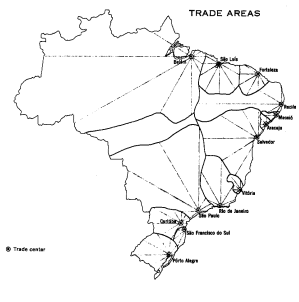
Approximately 50 percent of the population is illiterate. The rate varies from 80 percent in Alagoas in the Northeast to around 25 percent in the southern states and is highest in the rural regions of the interior. As the excess population has migrated from the Northeast to the industrial centers in the Southeast, large nuclei of illiteracy have shifted to the slums of Rio de Janeiro and São Paulo.











Transportation

Until recently the basic pattern of transportation in Brazil consisted of a series of independent networks connecting each of the main coastal centers of population with its hinterland. The Great Escarpment and the Mantiqueira and Espinhaço mountain ranges impede access to the interior along much of the east coast, and therefore, transportation lines were developed initially along the few natural routes that offered relatively easy access to the interior from the coast. The individual networks that evolved were not interconnected, and maritime transportation served practically all the coastal centers. Railroad lines in particular were usually constructed according to local expediency, and no consideration was given to the standardization of specifications for gauge, equipment, and roadbed. During each successive speculative boom, new lines were constructed to tap the products of the new frontier, and many of the old lines were allowed to deteriorate. In recent decades, Brazil has been faced with the formidable task of attempting to consolidate about 39 separate lines of diverse characteristics into an interconnected system that would permit a free interchange of cars and uninterrupted traffic. Eighteen railroads have thus far been incorporated into the Rede Ferroviaria Federal S.A., RFFSA (Federal Railway Network, Inc.), a government holding corporation, and the rest are operated by various state, private, and mixed enterprises. As of 1960, Brazil had approximately 23,000 miles of railroad, of which 21,175 miles were 1-meter gauge; 2,148 miles were 1.60-meter gauge, and 504 miles were of various narrow gauges. The 1.60-meter lines are interconnected and provide trunk service. Most of the 1-meter lines also are interconnected but do not provide through service. The narrow-gauge lines are scattered about the country, but in most cases they have facilities for transshipment to 1-meter or to 1.60-meter lines.

By far the greatest traffic density occurs in the southeastern states of São Paulo, Minas Gerais, Rio de Janeiro, and Espírito Santo. Service is haphazard, and numerous bottlenecks remain. The lack of a railroad bridge across the Rio São Francisco, in particular, obstructs the flow of traffic between the Northeast and the South.

Coastal shipping also is inadequate. Many of the ships are obsolescent and require expensive maintenance. The ports have failed to expand their facilities for handling cargo and for storage and cannot keep pace with the increasing freight tonnages. The result is that ships commonly are forced to wait in line to dock.

The inadequacies of the railroads and coastal shipping, together with the requirements of the large urban and industrial centers for rapid, scheduled deliveries, have given impetus to the rapid development of highway trucking and air transport services. Brazil now has almost 300,000 miles of roads, only about 8,000 miles of which are paved. Sixty-one percent of all roads and 75 percent of the paved roads are concentrated in the industrialized southeastern states. Trunk lines that link the northeast, central, and southern regions are being improved, however, and new trunk lines that will connect the various regions with the new capital of Brasília are under construction. More feeder roads are needed in rural areas to provide access to markets and to stimulate agricultural production. The adequate maintenance of roads, even of paved roads, constitutes a serious problem because many have been poorly constructed, and torrential rains frequently cause washouts and slides that disrupt traffic for extended periods.

Air transportation expanded rapidly after World War II. Air freight is widely used for shipping perishable goods or goods of relatively high unit value over long distances. For companies located in São Paulo or Rio de Janeiro, for example, air transport is more advantageous than ocean freight for shipping a wide variety of goods to Salvador and markets farther north.

Agriculture

Agriculture is generally backward and inefficient in Brazil, and production of foodstuffs has exceeded only slightly the rate of population growth. Agricultural practices have been characterized for more than 400 years by contrasting systems of specialized, single-crop farming on large plantations and wasteful subsistence farming on small plots of land. Probably three-fifths of all farms depend solely on hand labor. The amount of highly fertile land suitable for large-scale mechanized farming is limited.

As of 1958, only about 3 percent of the total land area of Brazil was under cultivation. Nevertheless, in that year, agriculture accounted for an estimated 26 percent of the national income and 69 percent of the total earnings from exports. Approximately one-fourth of the cultivated area is devoted to Brazil's major export crops -- coffee, cacao, sugar, and cotton -- and the remainder is planted mostly to corn, rice, beans, wheat, and manioc. Crop production for about 70 percent of the total value of agricultural production; livestock and livestock products, for about 27 percent; and forest products other than wood, for 3 percent.

Coffee constituted 56 percent of the total exports by value in 1960. Production is now concentrated on good highland soils in northern Paraná, São Paulo, and Minas Gerais. In spite of a history of wasteful practices in production, Brazil is faced with a substantial overproduction of coffee. The government adheres to the International Coffee Agreement of 1959, and in accordance with this agreement Brazil voluntarily limits its exports of coffee for traditional markets to 17.4 million bags. This figure contrasts sharply with the total production of coffee in 1960, which was 43.5 million bags. Heavy spending by the government to support the price of coffee and to store surplus production has been one of the largest single factors contributing to the inflationary spiral in the country. The government is attempting to take unreconomic plantings out of production and to expand exports to new markets, including countries in the Communist Bloc.

Cacao, which ranks next to coffee as a commercial crop, constituted 7 percent of exports by value in 1960. Cacao is produced both on large plantations, many of which are owned by absentee landlords, and on small and medium-size farms. Production is concentrated in a narrow belt along the forested coastal zone of southern Bahia near the base of the Great Escarpment. With few exceptions, plantation methods have been destructive and speculative. The hoe and the machete are the principal tools that are used in cultivating cacao. Special problems arise from the need to recruit seasonal and migratory labor from the backlands for harvesting the crop.

Sugar is the third-ranking export crop and accounted for 5 percent of exports by value in 1960. Brazil ranks second in the world in the production of sugar, but only 20 percent of the crop is exported. The principal producing areas are the state of São Paulo and the northeastern coastal zone. The northeastern zone has been the traditional center for production of sugar, but in recent years the southeastern area has surpassed it in production. Yields are higher in the Southeast, and the mills are more modern and efficient. In those areas of the Northeast that are most productive for sugarcane, corporations have purchased many small plantations and combined them to form relatively modern, large-scale plantations that are centered around new, modern sugar mills. Nevertheless, these mills are able to compete with the producers of less costly sugar in São Paulo only because of the protective tax policies of the government.

Cotton ranks fourth by value as a Brazilian export. Traditionally, cotton has been grown along the margin of the caatinga zone in the Northeast, but as was the case with sugar, the state of São Paulo has surpassed the northeastern area as the principal producer and has become the center for marketing and exporting cotton and for manufacturing textiles. Cotton still constitutes an important element in the economy of the Northeast because cottonseed cake is a major source of feed for cattle in that area. In the Northeast, most of the cotton is grown by tenant farmers on small cleared plots, but some long-staple cotton is grown on the large plantations of the Baridó Valley of Rio Grande do Norte.

Crops that have less export value but that are of particular significance to the economy of the Northeast are tobacco and sisal. Tobacco is grown in rotation with cotton, sugarcane, and food crops on small farms in the coastal zone -- particularly in the Recôncavo District of Bahia. Sisal has been introduced successfully as a cash crop on some of the better flat land of the caatinga zone. Oilseed and wax that are gathered from the wild babassu and carnauba palms are exported from the palm forests of the northeastern states of Ceará, Piauí, and Maranhão.

The staple Brazilian food crops -- corn, rice, beans, and manioc -- are grown primarily on small subsistence plots that are worked by hand labor. Many of these plots are on steep slopes that are not suitable for mechanized farming. The areas of commercial production of food crops for urban consumption are located primarily in the southeastern states near the markets and principal transportation lines. Wheat is a deficit food crop in Brazil and constituted 10 percent of imports by value in 1960. In recent years the government, by guaranteeing high prices and liberal credit, has attempted to encourage the expansion of large-scale production on the prairies of western Rio Grande do Sul. The program has not met with great success, however, and Brazil is unlikely to become self-sufficient in production of wheat.

Brazil is the largest producer of cattle and hogs in Latin America. Cattle raising is primarily in the hands of large operators, although nearly every farmer has a few cattle. To fatten the cattle, herds from the extensive but poor grazing lands of the interior are driven annually to pastures that are located near railheads, primarily in Minas Gerais. The best quality of cattle are raised on the grasslands of Rio Grande do Sul and on land in São Paulo that formerly was used to grow coffee. Although hogs are raised in all the states and chiefly by small farmers, the largest numbers are in the corn-producing belt that extends from Minas Gerais southward to Rio Grande do Sul.

Experiments have shown that it is possible for Brazil to develop pastures of good quality and to grow selected commercial crops successfully on worn-out coffee lands and on the better cerrado and caatinga land, if proper farming techniques are followed. Excellent results have been achieved in selected areas by combining crop and livestock farming with associated processing plants and storage facilities. On most of the cerrado and caatinga, however, such a balanced development is not currently feasible on a large scale because readily available markets, adequate facilities for transportation and power, credit systems, and agricultural as well as general facilities for education are lacking.

Traditionally, the Bank of Brazil has extended credit to the large landowners to finance production of export crops and livestock. In 1958, these operators received more than 96 percent of the total loans. The lack of extension of credit to the farmers who have small and medium-size holdings is one of the fundamental causes for the failure to improve basic farming methods.

Minerals, Fuels, and Power

Brazil is amply endowed with mineral resources, but detailed knowledge of reserves awaits adequate surveys. The main mineral zone is in the Serra do Espinhaço, a prominent mountain range in Minas Gerais. Deposits also are located elsewhere in the country, and some of the controversial metals, in particular, occur in remote areas where a lack of transportation and power facilities has hindered exploitation. The most prominent mineral resource is iron; others of significance are manganese, tungsten, beryl, quartz crystals, and industrial diamonds. Iron ore and manganese constitute the principal mineral exports, with iron accounting for 3.4 percent and manganese 2 percent of the total exports by value in 1960. Brazil has extensive reserves of high-grade iron ore, and the government hopes that exports can be more than doubled by 1965. Agreements have been signed recently with a Belgian firm to increase exports of iron ore to Belgium and to other countries of the European Common Market. Developmental credits that Poland has extended to Brazil are to be repaid mainly through the sale of iron ore and coffee.

Although Brazil produces some copper, lead, nickel, bauxite (aluminum), and tin, it imports substantial quantities of each to satisfy domestic requirements. Production of lead ore is increasing substantially, and the government hopes to increase current production of metallic lead by 50 percent by 1965. The capacity for production of aluminum also is being expanded but is hampered by a shortage of electric power. At present, Brazil produces no zinc.

Brazil's most serious deficiency in resources is a shortage of fuels and power. Coal, petroleum, and petroleum products accounted for 20 percent of the total imports by value in 1960, and petroleum imports are the greatest single drain on Brazil's scarce sources of convertible foreign exchange.

Production of crude petroleum in Brazil is concentrated in the Recôncavo Basin of Bahia, which accounts for approximately one-third of the domestic requirements. Exploration is continuing, and production may be expanded somewhat. Requirements also are increasing, and it is unlikely that domestic production of crude petroleum will exceed one-third of the needs within the foreseeable future. In Paraná and São Paulo, extensive oil shale deposits eventually may yield sizable quantities of oil and gas. Plans are underway for the construction of a prototype plant for extracting shale oil in Paraná. The capacity for refining petroleum is being expanded, and the government hopes by 1965 to achieve self-sufficiency in refined products except for aviation gasoline and certain lubricants.

Substantial reserves of coal are located in the southern states of Paraná, Santa Catarina, and Rio Grande do Sul, but the deposits are of poor quality and far from the principal centers of consumption. Only the Santa Catarina coals are suitable for metallurgical use. These coals, which have a high ash content, need to be pulverized, washed, and otherwise processed and then mixed with suitable imported coals of low ash content for use in coking. Brazil continues to use charcoal extensively as fuel for blast furnaces and to use firewood as fuel for locomotives. The natural forests have been exploited for charcoal and firewood for many years, and most of the remaining forest reserves that can be used for these purposes are located in regions of rugged terrain where natural regrowth is slow. Eucalyptus plantations have been introduced successfully as sources of firewood and charcoal in São Paulo and Minas Gerais.

In recent development programs the Government of Brazil has placed great stress on the expansion of facilities for electric power. The installed capacity has been more than doubled in the past decade and in 1960 reached an estimated total of 4.8 million kilowatts. Production of power, however, has not kept pace with the increased demand. Ninety-five percent of the installed capacity is concentrated in the southern and eastern states of São Paulo, Rio de Janeiro, and Minas Gerais which, in turn, have the greatest concentration of industrialization. Brazil has a huge potential in water-power, and 75 percent of the installed capacity is from hydroelectric sources. Before 1953, production of power was characterized by a multiplicity of small, dispersed power stations that served limited areas. In recent years, emphasis has been placed on the construction of large-scale hydroelectric projects that required heavy investments. The sharp seasonal variation in rainfall in most parts of the country requires the construction of reservoirs for seasonal storage and frequently necessitates linking power systems that are subject to a different intensity and timing of rainfall in order to permit shifting loads seasonally. Plans call for increasing the total installed capacity of electric power to 8.68 million kilowatts by 1965, and several large-scale projects are currently under construction. Priority will be given to interconnecting power systems and to the construction of interstate transmission lines. The government needs additional investment funds for its program and has accepted credits from Czechoslovakia and Poland for projects that will increase the generating capacity by 475,000 kilowatts.

Industry

Brazilian industry has developed rapidly in the past two decades and accounts for approximately 25 percent of the national income. Textile manufacturing and food processing are the most important branches of industry, although their relative importance has declined in recent years as basic industries have expanded. As of 1958, processed foods accounted for 22 percent of the total production by value and were followed by textiles with 14 percent, chemicals and pharmaceuticals with 13 percent, metallurgy with 11 percent, and transportation equipment with 6 percent. Diverse industries accounted for the remaining 34 percent. The Government of Brazil has earmarked production of capital goods for intensive development during the next 3 years on the premise that the growth of industry in general depends mainly on the domestic supply of capital goods.

Industrial production is concentrated heavily in the southeastern states of São Paulo, Guanabara, Rio de Janeiro, and Minas Gerais, where it was attracted by the urban markets, the long-established facilities for banking and credit in Rio de Janeiro and São Paulo, the more highly developed transportation and power networks of the region, and by the proximity of many of the basic industrial raw materials. The state of São Paulo, alone, accounted in 1958 for 39 percent by value of the total industrial production of Brazil, 39 percent of the total number of industrial plants, and 47 percent of the number of employees in industry.

Brazil's iron and steel industry is the largest in Latin America. Current demand considerably exceeds capacity. By 1965 the demand for steel ingots and most finished products probably will be met by the planned completion of two new integrated steel mills and one new rolling mill as well as by the expansion of several existing mills. Many special grades of steel products will continue to be imported indefinitely. The automotive vehicle industry has shown spectacular growth in recent years. In 1961, produced 145,674 trucks, buses, automobiles, and utility vehicles, as well as 1,653 tractors. The industry is concentrated chiefly in the environs of São Paulo.

Cement constitutes the key to the construction industry in Brazil because reinforced concrete is the principal construction material used. The cement industry has grown rapidly in the past two decades, and the country is now self-sufficient in production of cement. Plants are located in the principal centers of the Southeast and the Northeast. Commercial fertilizers are in short supply. Production of phosphated and nitrogenated fertilizers is increasing, but, even so, the supply is expected to fall considerably short of the agricultural requirements by 1965. At present, Brazil produces no potassic fertilizers, and all needs for them are met by imports.

Problems and Challenges

Although Brazil is diversifying its economy, the country still depends on the export of raw materials -- primarily agricultural products and mineral ores -- as the source for nearly all its foreign exchange. The development of both agriculture and industry is handicapped seriously by a shortage of fuels and power and by the inadequacy of the transportation system. Recent development programs have emphasized particularly the improvement and expansion of these services, and considerable progress has been made. The transportation system continues to be basically inadequate, however, and production of power and fuels falls far short of the requirements of the expanding economy.

Various factors, including chronic inflation, inequities of income between the industrial worker in urban centers and the rural worker, and inadequate facilities for health and education have given rise to widespread social discontent and have led to an internal migration of large numbers of unskilled rural workers to the large urban centers. Serious social problems have arisen in these mushrooming urban slums, and consequently, social services need to be expanded. Facilities for health and education fall short of the minimum requirements in most rural areas. Communists and some politicians have been only too eager to exploit the discontent both in the rural areas and in the urban slums. The widely publicized Ligas Camponesas (Peasant Leagues) that were organized in 1957, together with other peasant organizations that have been formed more recently, have become instruments of agitation for social reform among rural laborers and tenant farmers in the Northeast.

During the internal crisis of 1956 the President of Brazil concentrated on the recovery of full presidential powers and, for the most part, ignored the economic and social problems that faced the country. When full powers were restored to him, he announced a Three Year Development Plan that stated goals including: (1) progressive reduction of the rate of inflation to 10 percent by 1965; (2) maintenance of the economic rate of growth at 7 percent per year; and (3) substantial intensification of government action in the fields of education, scientific and technological research, and public health. In order to carry out this program, Brazil needs to increase foreign sales of its primary commodities -- particularly coffee and cacao -- and to acquire substantial additional foreign capital. There is little opportunity for expanding its sale of coffee and cacao in Western markets because prices for these products are low, and the competition is great. In addition, the failure of Brazil to adhere to the rigorous rules of the International Monetary Fund for financial and credit stabilization has tended to discourage the extension of much additional credit from Western sources, and a law that restricts remittance of profits by foreign companies has reduced private foreign investments. At present, approximately one-third of Brazil's exports are mortgaged against debt service and obligations of repayment. In this situation, offers of credit and barter trade from countries of the Communist Bloc are attractive. Brazil is particularly interested in obtaining wheat, petroleum, and capital goods from the Bloc in return for coffee, cacao, cotton, and iron ore. The present trade with the Bloc represents only 5 to 6 percent of the total imports and exports of Brazil, and, in view of the magnitude of the needs of the country, both trade and aid with the Bloc would have to be increased materially in order to have any significant impact on the economy of Brazil.

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Brazil is the largest and most populous country in Latin America and has the greatest potential for economic development. Even so, the Government of Brazil is faced with rapidly mounting economic and social crises that it has thus far failed to resolve. The country is well endowed with natural resources and has made rapid strides in industrialization. Brazil has a long history of speculative exploitation of its natural resources, however, and much of its most productive land has suffered serious depletion and erosion through destructive agricultural practices. Attempts to move rapidly toward a more diversified economy have produced numerous socio-economic problems that highlight the disparities in the standard of living between the urban and the rural population and between geographic regions.

Natural Setting

Most of the land area of Brazil lies within the tropics, and the factors of soils, climate, and vegetation that affect the natural productivity of the land are quite different from those that obtain in North America and Europe. Yet the myth persists that the sparsely populated interior of Brazil is comparable to the interior of the United States and that only the lack of a pioneer spirit prevents large numbers of homesteaders from moving westward into the interior to settle vast areas of productive agricultural lands. Actually, large areas of the country have little potential for immediate agricultural use because extensive investments of capital would be needed to develop the land.

Highlands cover almost 60 percent of the country. Most of these are in the central, eastern, and southern parts of Brazil and consist primarily of tablelands and dissected plateaus. To some extent the altitude of these highlands ameliorates the effects of the tropical climate. Low mountain ranges rise above the general surface level in only a few places near the east coast where, historically, they have hampered and still do hamper the development of transportation lines into the interior of the country.

Lowlands and valleys, comprising about 40 percent of the total land area of Brazil, are situated mostly within the Amazon Basin. It is paradoxical that the Amazon, the longest navigable river in the world, provides access only to a vast and nearly uninhabited area of dense tropical rain forest. A very narrow discontinuous coastal plain extends along the east coast between Natal and Rio de Janeiro. Slightly more extensive areas of lowland are found in Rio Grande do Sul and in southwestern Mato Grosso.

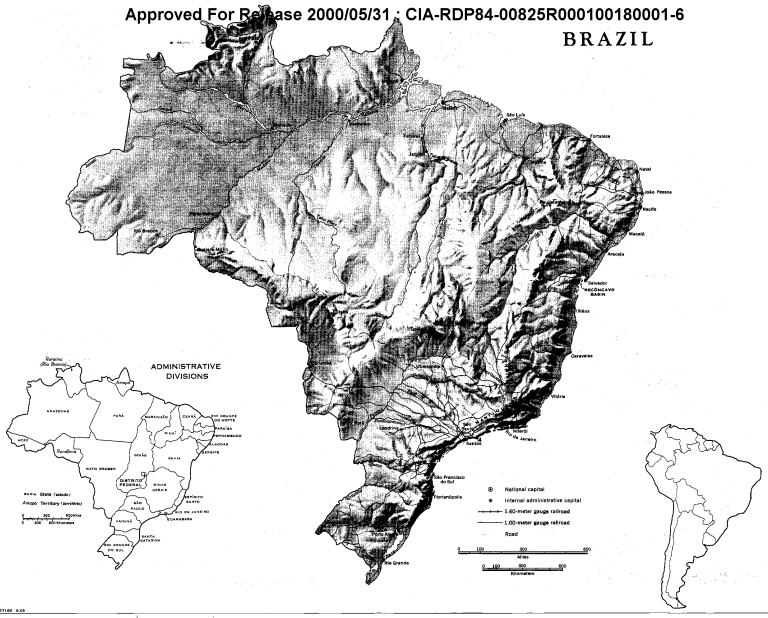
Reliable data on climate and soils are lacking for much of Brazil, but the natural vegetation closely reflects the physical characteristics and natural productivity of the land. The vegetation falls into three broad categories: forest, savanna, and grassland. Within all these categories of vegetation, only the tropical semideciduous forest and the Paraná pine forest (which together originally covered only 15 percent of the land) have soils of high natural fertility.

Tropical semideciduous forest originally covered much of southeastern Brazil and extended in a narrow zone along the east coast. Because the soils beneath this type of forest have the highest natural fertility of any in Brazil, most of this zone has been cleared for cultivation or grazing. Almost all production of commercial crops and most production of food crops have been confined to this zone. Wasteful exploitation throughout many years has seriously depleted and eroded the soils, however, and they are not as productive as they once were.

A forest of Paraná pine that has a dense understory of yerba maté occurs in those highlands of southern Brazil that lie within the temperate zone. These forests have been exploited for lumber and maté, which is processed as a commercial tea, and more than one-half the area that was originally forested has been cleared by logging. The soils in these highlands are not as good as those of the semideciduous forest zone, but they are relatively fertile. Small farmers who raise food crops that are adapted to a cool climate have settled in many of the cleared areas.

A tropical rain forest covers most of the Amazon Basin and the windward slopes of the Great Escarpment along the east coast. The warm climate and the heavy rainfall that is received throughout the year produce a luxuriant growth, but the soils that develop under the rain forest are not fertile. Only along the narrow river floodplains, where each flood deposits new layers of silt, do the soils have a high fertility, and most of the settlement within the Amazon Basin has occurred along these floodplains.

The second major category of vegetation, the savanna, includes both woodland savanna (cerrado) and tropical scrub woodland (caatinga), which cover most of the interior highlands and which are used primarily for grazing. The cerrado, which ranges from dense tangled scrub to grassland with scattered clumps of trees and shrubs, occurs primarily on plateaus that receive heavy rainfall in summer and have a pronounced dry season in winter. The natural conditions are unfavorable for production of a wide range of crops because the soils generally are poor and the water table is low.



The caatinga is characteristic of the drought zone of northeastern Brazil. The vegetation ranges from thorn trees, high cactus, low shrubs, and grass in the more humid areas to low thorn trees and spiny succulents in the dry interior. The average annual rainfall in the caatinga zone is low (less than 40 inches), seasonal in occurrence, and unreliable. The area experiences both recurrent droughts and disastrous floods, and the resultant erosion that has developed over a long period now tends to intensify the effects of the flooding. The soils generally are of low natural fertility. In spite of the unfavorable environment, a combination of grazing and shifting subsistence agriculture is carried on throughout much of the zone.

Grasslands constitute the natural vegetation of only about 10 percent of the total area of Brazil. None of this land approaches the fertility of the prairie and steppe lands of the United States, and, in general, the Brazilian grasslands are used chiefly for grazing. In southwestern Mato Grosso various kinds of grasses that provide good pasturage cover the floodplain of the Paraguay River, and large cattle ranches have been established there even though the grazing lands are subject to flooding for several months of the year. A lack of fences allows the cattle to move about freely and escape to high ground during floods. Similar grasslands occur in parts of the lower Amazon Basin. Tall-grass prairies are found in parts of the temperate zone of southern Brazil, principally in Rio Grande do Sul. These prairies provide good grazing land, but the soils tend to be acidic and poorly drained and are not good for agriculture. Short-grass steppe occurs in small areas within and along the margins of the cerrado. The low bunch grasses are of little value for grazing, and the soils are too poor and dry for agriculture.

Population and Settlement

Brazil's large and rapidly expanding population is distributed very unevenly. In 1950, 92 percent of the population lived within 300 miles of the east coast. Only 4 percent occupied the vast Amazon Basin, and another 4 percent lived in the interior of the country in the states of Goiás and Mato Grosso. The highest population density occurred in the states of Guanabara, Rio de Janeiro, and São Paulo, where a large urban population is concentrated, and in the states of Alagoas, Paraíba, and Pernambuco in the Northeast, where excess rural population constitutes a serious problem. (As used in this memorandum, the term "Northeast" includes the eight states that are situated in the bulge of Brazil -- Alagoas, Bahia, Ceará, Paraíba, Pernambuco, Piauí, Rio Grande do Norte, and Sergipe.) As of 1959, 64 percent of the population of Brazil was estimated to be rural, and 36 percent to be urban and suburban. The population is growing at the rate of slightly more than 3 percent a year.

The population is intermixed racially. Whites constitute about 60 percent of the population; mixed White and Negro or Indian, 26 percent; Negroes, 11 percent; and aboriginal Indians and Asiatics (primarily Japanese), the remaining 3 percent. The Whites -- mostly Portuguese, Italian, Spanish, and German -- predominate in the south, and their relative proportion decreases more or less progressively toward the north.

Brazil has been settled in cycles by people who were seeking swift speculative profit from particular commodities for which at the time Brazil became the principal producer in the world. The first speculative boom began in the mid-16th century, when production of sugar was undertaken in the coastal zone of the Northeast. Large numbers of Negro slaves were introduced into the area, particularly in Bahia and Pernambuco, to work on the sugar plantations of wealthy Portuguese landowners. The sugar market declined late in the 17th century, and with the discovery of gold in Minas Gerais in 1690, a new speculative cycle began. Many plantation owners abandoned their land in the Northeast and moved with their Negro slaves to Minas Gerais, where they set up mining operations. The city of Rio de Janeiro rose to prominence as the principal outlet for the mineral wealth of Minas Gerais. Also, coincident with the mining boom, large livestock ranches were established on the prairies of Rio Grande do Sul to supply mules and cattle to the mining centers.

The mining boom ended at the beginning of the 19th century, and the more successful prospectors moved to the Paraíba Valley and São Paulo, where the commercial cultivation of coffee was being introduced. The abolition of slavery appeared imminent, and groups of European peasant families were induced to settle as tenant farmers on coffee farmsdes. Once the coffee boom got underway, millions of immigrants -- mostly Europeans from Italy, Portugal, Spain, Germany, and Poland -- poured into São Paulo and adjacent states. The coffee fazenda was operated as a business enterprise whereby landowner and tenant were brought together briefly for the sake of profit, but neither had any personal attachment to the land. The landowner moved on to virgin land at the first sign of decreasing profits, and tenant contracts seldom lasted for more than 2 or 3 years. Since World War I, Brazil has been faced with a surplus of coffee but with waning profits and declining markets.

Other speculative cycles of some significance revolved around production of cotton in the Northeast, rubber in the Amazon Valley, cacao in coastal Bahia, and maté in the South. During each of the great speculative cycles the land was exploited destructively and, with few exceptions, was abandoned as yields declined and costs of production rose.

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Analyst: [redacted] GG/H
(Project 66.2117)

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March 1963

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GM 63-2 [redacted] March 1963

This report provides in compact form the salient factors of Brazil's physical and human geography that are involved in the country's massive problems. Prepared originally to coincide with a scheduled NIE, the report is highly factual and broad in scope. It continues to fill a wide variety of intelligence-support needs.

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April 63

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5 April 1963

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I certify that source materials used in CIA/RR GM 63-2, Brazil, dated March 1963, were classified no higher than CONFIDENTIAL and were not restricted by dissemination controls.

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GM 63-2

Requester: self-initiated

Deadline for Delivery to Requester 22 March 63

Wsta	26 Feb '63
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Control None

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GC/W

37122 Terrain & Transp.

37123 [6] Spec. subject maps

for D/Sec

Area 15 Mar

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REMARKS:

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CENTRAL INTELLIGENCE AGENCY
Geography Division, ORR

Project Initiation Memorandum

Project No. 66.2117

23 January 1963

1. Subject of Proposed Project: Brazil

2. Statement of Problem: To contemplate the major problems that currently confront Brazil in terms of the geographical factors involved.

3. Requester: Self-initiated.

4. Responsible Analyst: [redacted] GG/H 25X1A

5. Kind and Extent of Cooperation Desired From:

   a. Other Divisions of GRA: Cartography Division to prepare seven maps.
   b. Other Parts of CIA: I/LA/RR, OCI, and ONE for support and concurrence.
   c. Outside CIA: State Department

6. Estimated Manhours in D/GG: 260

7. Probable Publication Date: 22 March 1963

8. Form of Final Publication: CIA/RR GM 25X1A

9. Comments: The Policy and Action Group [redacted] has a special interest in this report.

[redacted] 25X1A
Chief, Geography Division

Approved:

25X1A [redacted]
Chief, Geographic Research

24 Jan 63
Date

[redacted]
Assistant Director, ORR

28 Jan 63
Date

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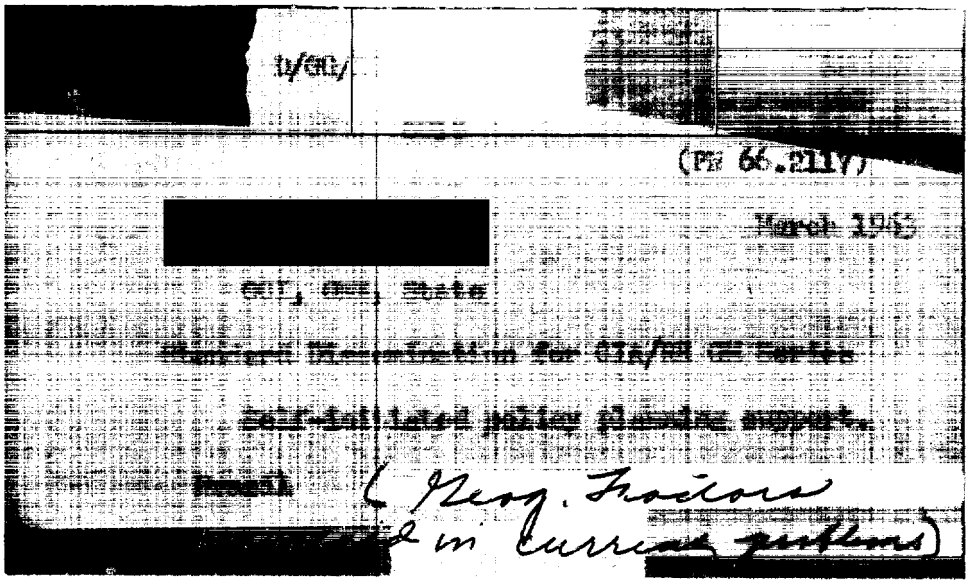

Record of Man Hours for Report No. AM 63-2

Project No. 66.2117

	Analyst	Editor	Coordinator	Clerical
Totals	416	102		40

Period during which man hours charged:

From: Jan., 1963

Thru: Mar., 1963

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